



**Delta Natural Gas Company, Inc.**



3617 Lexington Road  
Winchester, Kentucky 40391-9797

PHONE: 859-744-6171  
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December 27, 2007

RECEIVED  
DEC 28 2007  
PUBLIC SERVICE  
COMMISSION

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
P O Box 615  
Frankfort, KY 40602

*CASE NO - 2007-00558*

Dear Ms. O'Donnell:

Enclosed are the original and three copies of Delta's Quarterly Report of Gas Cost Recovery Rate Calculation which determines the Gas Cost Recovery Rate (GCR) to be effective with the first billing cycle of February 2008 which includes meters read on and after January 28, 2008.

An extra copy of the filing is attached for public files.

Please acknowledge receipt of this filing by stamping the extra copy of the cover letter and returning to Delta in the envelope provided.

Sincerely,

*Connie King*

Connie King  
Manager – Corporate & Employee Services

2007-00558

RECEIVED

DEC 28 2007

PUBLIC SERVICE  
COMMISSION

## **GAS COST**

### **RECOVERY RATE CALCULATION**

**Date Filed** 12/27/07

**Date to be Effective** 01/28/08

## GAS COST RECOVERY CALCULATION

COST RECOVERY RATE EFFECTIVE JANUARY 28, 2008		
PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	8.3336
SUPPLIER REFUND (RA)	\$/MCF	-
ACTUAL ADJUSTMENT (AA)	\$/MCF	1.9010
BALANCE ADJUSTMENT (BA)	\$/MCF	0.2048
GAS COST RECOVERY RATE (GCR)	\$/MCF	<u>10.4394</u>

## EXPECTED GAS COST SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
PRIMARY GAS SUPPLIERS (SCHEDULE II)	\$	13,284,759
UTILITY PRODUCTION	\$	-
INCLUDABLE PROPANE	\$	-
	\$	<u>13,284,759</u>
TOTAL ESTIMATED SALES FOR QUARTER	MCF	<u>1,594,123</u>
EXPECTED GAS COST (EGC) RATE	\$/MCF	<u>8.3336</u>

## SUPPLIER REFUND ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE III)	\$/MCF	-
PREVIOUS QUARTER	\$/MCF	-
SECOND PREVIOUS QUARTER	\$/MCF	-
THIRD PREVIOUS QUARTER	\$/MCF	-
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	<u>-</u>

## ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE IV)	\$/MCF	0.9024
PREVIOUS QUARTER	\$/MCF	0.3810
SECOND PREVIOUS QUARTER	\$/MCF	(0.4466)
THIRD PREVIOUS QUARTER	\$/MCF	<u>1.0642</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	<u>1.9010</u>

## BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
BALANCE ADJUSTMENT AMOUNT (SCHEDULE V)	\$	326,462
ESTIMATED SALES FOR QUARTER	MCF	<u>1,594,123</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>0.2048</u>

MCF PURCHASES FOR THREE MONTHS BEGINNING  
February 1, 2008  
AT SUPPLIERS COSTS EFFECTIVE  
February 1, 2008

Supplier	MCF Purchases	DTH Conv Factor	Rates (\$)	Quarterly Cost	Rate Increase (I)/ Reduction (R)
TENNESSEE GAS PIPELINE PIPELINE (SCH II, PAGE 2 OF 2)				578,801	
ATMOS ENERGY MARKETING COLUMBIA GAS TRANSMISSION PIPELINE (SCH II, PAGE 2 OF 2)	540,700	1.036	7.1300	3,993,978	R
ATMOS ENERGY MARKETING COLUMBIA GULF TRANSMISSION	242,988	1.029	7.1200	1,780,247	R
M&B GAS SERVICES KENTUCKY PRODUCERS CHESAPEAKE	122,502	1.030	7.7100	972,825	R
STORAGE	21,186		9.5300	201,903	R
	666,747		8.1593	5,440,189	NC
TOTAL	<u>1,594,123</u>			<u>13,284,759</u>	

COMPANY USAGE 23,912

**TENNESSEE GAS PIPELINE RATES EFFECTIVE 2/01/08**

		DTH VOLUMES	FIXED OR VARIABLE		RATES	ANNUAL COST
FT-G RESERVATION RATE - ZONE 0-2	1.	8,371	F	2.	\$9.060	\$75,837
FT-G RESERVATION RATE - ZONE 1-2	3.	22,511	F	4.	\$7.620	\$171,532
FT-G COMMODITY RATE - ZONE 0-2	5.	117,228	V	6.	\$0.0898	\$10,527
FT-G COMMODITY RATE - ZONE 1-2	7.	315,187	V	8.	\$0.0794	\$25,026
FT-A RESERVATION RATE - ZONE 0-2	9.	705	F	10.	\$9.060	\$6,387
FT-A RESERVATION RATE - ZONE 1-2	11.	3,024	F	12.	\$7.620	\$23,043
FT-A RESERVATION RATE - ZONE 3-2	13.	471	F	14.	\$4.320	\$2,035
FT-A COMMODITY RATE - ZONE 0-2	15.	21,444	V	16.	\$0.0898	\$1,926
FT-A COMMODITY RATE - ZONE 1-2	17.	91,980	V	18.	\$0.0794	\$7,303
FT-A COMMODITY RATE - ZONE 3-2	19.	14,326	V	20.	\$0.0548	\$785
FUEL & RETENTION - ZONE 0-2	21.	138,671	V	22.	\$0.3375	\$46,798
FUEL & RETENTION - ZONE 1-2	23.	407,167	V	24.	\$0.2806	\$114,238
FUEL & RETENTION - ZONE 3-2	25.	14,326	V	26.	\$0.0835	\$1,197
SUB-TOTAL						\$486,633
FS-PA DELIVERABILITY RATE	27.	4,572	F	28.	\$2.02	\$9,235
FS-PA INJECTION RATE	29.	46,689	V	30.	\$0.0053	\$247
FS-PA WITHDRAWAL RATE	31.	46,689	V	32.	\$0.0053	\$247
FS-PA SPACE RATE	33.	560,271	F	34.	\$0.0248	\$13,895
FS-PA RETENTION	35.	46,689	V	36.	\$0.1063	\$4,961
SUB-TOTAL						\$28,586
FS-MA DELIVERABILITY RATE	37.	25,908	F	38.	\$1.15	\$29,794
FS-MA INJECTION RATE	39.	96,906	V	40.	\$0.0102	\$988
FS-MA WITHDRAWAL RATE	41.	96,906	V	42.	\$0.0102	\$988
FS-MA SPACE RATE	43.	1,162,866	F	44.	\$0.0185	\$21,513
FS-MA RETENTION	45.	96,906	V	46.	\$0.1063	\$10,297
SUB-TOTAL						\$63,582
<b>TOTAL. TENNESSEE GAS PIPELINE CHARGES</b>						<b>\$578,801</b>

**COLUMBIA GAS TRANSMISSION RATES EFFECTIVE 2/01/08**

GTS COMMODITY RATE	47.	250,035	V	48.	\$0.7732	\$193,327
FUEL & RETENTION	49.	250,035	V	50.	\$0.3097	\$77,426
<b>TOTAL COLUMBIA GAS TRANSMISSION CHARGES</b>						<b>\$270,753</b>

**COLUMBIA GULF CORPORATION RATES EFFECTIVE 2/01/08**

FTS-1 RESERVATION RATE	51.	13,134	F	52.	\$3.1450	\$41,306
FTS-1 COMMODITY RATE	53.	250,035	V	54.	\$0.0186	\$4,651
FUEL & RETENTION	55.	250,035	V	56.	\$0.0004	\$105
<b>TOTAL COLUMBIA GULF CORPORATION CHARGES</b>						<b>\$46,062</b>

**TOTAL PIPELINE CHARGES****\$895,616**

**SUPPLIER REFUND ADJUSTMENT  
 DETAIL FOR THE THREE MONTHS ENDED  
 October 31, 2007**

Particulars	Unit	Amount
SUPPLIERS REFUNDS RECEIVED (1)	\$	0
INTEREST FACTOR (2)		1.0253
REFUND ADJUSTMENT INCLUDING INTEREST	\$	0
SALES TWELVE MONTHS ENDED October 31, 2007	MCF	3,262,079
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	0.0000

(1) Suppliers Refunds Received	Date Received	Amount
Total		0.00

(2) Interest Factor			
RESULT OF PRESENT VALUE	5.1338460	-0.5 =	4.633846

**ACTUAL ADJUSTMENT  
DETAIL FOR THE THREE MONTHS ENDED  
October 31, 2007**

Particulars	Unit	For the Month Ended		
		Aug-07	Sep-07	Oct-07
<b>SUPPLY VOLUME PER BOOKS</b>				
PRIMARY GAS SUPPLIERS	MCF	174,493	259,260	233,200
UTILITY PRODUCTION	MCF	-	-	-
INCLUDABLE PROPANE	MCF	-	-	-
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
<b>TOTAL</b>	<b>MCF</b>	<b>174,493</b>	<b>259,260</b>	<b>233,200</b>
<b>SUPPLY COST PER BOOKS</b>				
PRIMARY GAS SUPPLIERS	\$	1,249,549	1,637,697	1,776,495
UTILITY PRODUCTION	\$	-	-	-
INCLUDABLE PROPANE	\$	-	-	-
OTHER COST (SPECIFY)	\$	-	-	-
<b>TOTAL</b>	<b>\$</b>	<b>1,249,549</b>	<b>1,637,697</b>	<b>1,776,495</b>
<b>SALES VOLUME</b>				
JURISDICTIONAL	MCF	56,025	64,764	56,706
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
<b>TOTAL</b>	<b>MCF</b>	<b>56,025</b>	<b>64,764</b>	<b>56,706</b>
<b>UNIT BOOK COST OF GAS</b>				
EGC IN EFFECT FOR MONTH	\$	22.3034	25.2872	31.3282
RATE DIFFERENCE	\$	12.6120	15.5958	21.6368
MONTHLY SALES	MCF	56,025	64,764	56,706
MONTHLY COST DIFFERENCE	\$	706,587	1,010,046	1,226,936
				Three Month
				Period
<hr/>				
COST DIFFERENCE FOR THE THREE MONTHS	\$			2,943,569
TWELVE MONTHS SALES FOR PERIOD ENDED	MCF			3,262,079
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF			0.9024

**EXPECTED GAS COST BALANCE ADJUSTMENT  
DETAIL FOR THE THREE MONTHS ENDED  
October 31, 2007**

Particulars	Unit	Amount
COST DIFFERENCE BETWEEN BOOK AND EFFECTIVE EGC AS USED TO COMPUTE AA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	383,575
LESS: DOLLAR AMOUNT RESULTING FROM THE AA OF \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL SALES OF 3,262,079 MCF FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE	0.1191 \$	 <u>388,514</u>
BALANCE ADJUSTMENT FOR THE AA	\$	<u>(4,939)</u>
DOLLAR AMOUNT OF SUPPLIER REFUND ADJUSTMENT AS USED TO COMPUTE RA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	-
LESS: DOLLAR AMOUNT RESULTING FROM THE UNIT RATE FOR SUPPLIER REFUND ADJUSTMENT OF 0.0000 \$/MCF AS USED TO COMPUTE RA OF THE JURISDICTIONAL SALES FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE FOR THE MCF TOTAL OF 3,262,079	\$	-
BALANCE ADJUSTMENT FOR THE RA	\$	-
DOLLAR AMOUNT OF BALANCE ADJUSTMENT AS USED TO COMPUTE BA OF THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	582,680
LESS: DOLLAR AMOUNT RESULTING FROM THE BA OF \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL MCF SALES OF 177,495 FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT IMMEDIATELY PRIOR TO THE CURRENT RATE	1.4157 \$	 <u>251,280</u>
BALANCE ADJUSTMENT FOR THE BA	\$	<u>331,400</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>326,462</u>

**COMPUTATION OF CHESAPEAKE PRICE EFFECTIVE 2/01/08 BASED ON WEIGHTED  
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY THRU APRIL, 2008**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$9.53 per MCF

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 2/01/08 BASED ON WEIGHTED  
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY THRU APRIL, 2008 (TGP)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$7.13 per MMBtu dry

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 2/01/08 BASED ON WEIGHTED  
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY THRU APRIL, 2008 (TCO)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$7.12 per MMBtu dry

**COMPUTATION OF M&B PRICE EFFECTIVE 2/01/08 BASED ON WEIGHTED  
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY THRU APRIL, 2008**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$7.71 per MMBtu dry

**TGP SUPPLIED AREAS PURCHASE PROFILE:**

12/18/2007

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
February 2008	257,675	266,951	\$7.176	(\$0.060)	\$1,899,625.45
March	199,250	206,423	\$7.206	(\$0.060)	\$1,475,098.76
April	<u>83,775</u>	<u>86,791</u>	\$7.206	(\$0.060)	<u>\$620,207.77</u>
	540,700	560,165			\$3,994,931.98
FIXED PRICE		0			\$0.00
FIXED PRICE		0			\$0.00
<b>WEIGHTED AVERAGE PRICE PER DTH:</b>				<u><u>\$7.13</u></u>	

**COLUMBIA SUPPLIED AREAS PURCHASE PROFILE:**

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
February 2008	113,828	117,129	\$7.176	(\$0.07)	\$832,318.76
March	91,657	94,315	\$7.206	(\$0.07)	\$673,032.22
April	<u>37,503</u>	<u>38,591</u>	\$7.206	(\$0.07)	<u>\$275,382.43</u>
	242,988	250,035			\$1,780,733.41
FIXED PRICE		0			\$0.00
<b>WEIGHTED AVERAGE PRICE PER DTH:</b>				<u><u>\$7.12</u></u>	

**CHESAPEAKE SUPPLIED AREAS PURCHASE PROFILE:**

MONTH	VOLUMES MCF	NYMEX \$ PER DTH	ADD-ON PER DTH	BTU ADJUSTMENT	TOTAL
February 2008	10,760	\$7.176	\$0.75	1.2	\$102,340.51
March	7,080	\$7.206	\$0.75	1.2	\$67,594.18
April	<u>3,346</u>	\$7.206	\$0.75	1.2	<u>\$31,944.93</u>
	21,186				\$201,879.62
<b>WEIGHTED AVERAGE PRICE PER MCF:</b>					<u><u>\$9.53</u></u>

**COLUMBIA GULF SUPPLIED AREAS PURCHASE PROFILE:**

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
February 2008	0	0	\$7.176	\$0.50	\$0.00
March	0	0	\$7.206	\$0.50	\$0.00
April	<u>122,502</u>	<u>126,790</u>	\$7.206	\$0.50	<u>\$977,040.43</u>
	122,502	126,790			\$977,040.43
FIXED PRICE		0			\$0.00
<b>WEIGHTED AVERAGE PRICE PER DTH:</b>				<u><u>\$7.71</u></u>	

DELTA NATURAL GAS COMPANY, INC.  
Name of Issuing Corporation

FOR All Service Areas  
P.S.C. NO. 11  
Second Revised SHEET NO. 2  
CANCELLING P.S.C. NO. 11  
First Revised SHEET NO. 2

CLASSIFICATION OF SERVICE  
RATE SCHEDULES

RESIDENTIAL

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	<u>Gas Cost Recovery Rate (GCR) **</u>	=	<u>Total Rate</u>
Customer Charge *	\$ 15.50			\$ 15.50
All Ccf	\$ 0.4158	\$ 1.0439		\$ 1.4597/Ccf (I)

- \* The customer charge includes \$0.20 collected under Delta's Energy Assistance Program Tariff Rider as set forth on Sheet No. 37 of this tariff.
- \*\* The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

DATE OF ISSUE December 27, 2007 DATE EFFECTIVE January 28, 2008 (Final Meter Reads)  
ISSUED BY Glenn R. Jennings TITLE Chairman of the Board  
Name of Officer President and CEO  
Issued by authority of an Order of the Public Service Commission of KY in  
CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR All Service Areas  
P.S.C. NO. 11  
Second Revised SHEET NO. 3  
CANCELLING P.S.C. NO. 11  
First Revised SHEET NO. 3

DELTA NATURAL GAS COMPANY, INC.  
Name of Issuing Corporation

CLASSIFICATION OF SERVICE  
RATE SCHEDULES

SMALL NON-RESIDENTIAL \*

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by small non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	Gas Cost Recovery Rate (GCR) ** =	<u>Total Rate</u>
Customer Charge	\$ 25.00		\$ 25.00
All Ccf	\$ 0.4158	\$ 1.0439	\$ 1.4597/Ccf (I)

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Small Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Small Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Small Non-Residential or Interruptible Service rate schedule.

\* Meter no larger than AL425

\*\* The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

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DELTA NATURAL GAS COMPANY, INC.  
Name of Issuing Corporation

FOR All Service Areas  
P.S.C. NO. 11  
Second Revised SHEET NO. 4  
CANCELLING P.S.C. NO. 11  
First Revised SHEET NO. 4

CLASSIFICATION OF SERVICE  
RATE SCHEDULES

LARGE NON-RESIDENTIAL \*

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by large non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate +	Gas Cost Recovery Rate (GCR) ** =	Total Rate	
Customer Charge	\$100.00		\$100.00	
1 - 2000 Ccf	\$ 0.4158	\$ 1.0439	\$ 1.4597/Ccf	(I)
2001 - 10,000 Ccf	\$ 0.2509	\$ 1.0439	\$ 1.2948/Ccf	(I)
10,001 - 50,000 Ccf	\$ 0.1713	\$ 1.0439	\$ 1.2152/Ccf	(I)
50,001 - 100,000 Ccf	\$ 0.1313	\$ 1.0439	\$ 1.1752/Ccf	(I)
Over 100,000 Ccf	\$ 0.1113	\$ 1.0439	\$ 1.1552/Ccf	(I)

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Large Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Large Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Large Non-Residential or Interruptible Service rate schedule.

\* Meter larger than AL425

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Name of Officer Name of Officer President and CEO  
Issued by authority of an Order of the Public Service Commission of KY in  
CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

	FOR	All Service Areas
<u>DELTA NATURAL GAS COMPANY, INC.</u>	P.S.C. NO.	11
Name of Issuing Corporation	Second Revised	SHEET NO. 5
	CANCELLING P.S.C. NO.	11
	First Revised	SHEET NO. 5

CLASSIFICATION OF SERVICE  
RATE SCHEDULES

INTERRUPTIBLE SERVICE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by interruptible customers.

CHARACTER OF SERVICE

Interruptible - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate +	Gas Cost Recovery Rate (GCR) ** =	Total Rate	
Customer Charge	\$250.00		\$250.00	
1 - 10,000 Ccf	\$ 0.1600	\$ 1.0439	\$ 1.2039/Ccf	(I)
10,001 - 50,000 Ccf	\$ 0.1200	\$ 1.0439	\$ 1.1639/Ccf	(I)
50,001 - 100,000 Ccf	\$ 0.0800	\$ 1.0439	\$ 1.1239/Ccf	(I)
Over 100,000 Ccf	\$ 0.0600	\$ 1.0439	\$ 1.1039/Ccf	(I)

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company.

Any customer required to enter into an Interruptible Agreement shall be permitted to purchase or transport gas under the Interruptible Rate Schedule as set forth on Sheet No. 5. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to

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Name of Officer	President and CEO
Issued by authority of an Order of the Public Service Commission of KY in	DATED _____
CASE NO. _____	